

## INFORMATION REPORT

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SUBJECT Notes on East German Economy

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There will be results. Prior to the return of the SAG's, the DWV (Warenertriebsgesellschaft) and Chemifa were the sales offices for the SAG's. The first move will be to remove all staple items from SAG's from the control of the DIA's (sugar, potash, coal, ammonium sulfate, heavy chemicals, i.e., anything which can be measured in tonnages). These goods will be split between DWV and Chemifa while single items such as typewriters will be kept by the DIA's. All receipts from sale of the staple items will be turned over to the USSR.

2. The DIA's will be reorganized with new personnel where possible, and the DWV and Chemifa will move their offices. DWV and Chemifa will become the organs through which the Russians will continue to control production and sale of goods. To this end, DWV will, for example, be enlarged administratively, while its functions on the operating level will be changed.

3. In turning over the plants to the German economy the Russians laid down certain conditions. The Russians have, since the war, invested large sums in building up the German economy. These sums must be repaid, since the political situation remains unclear in Germany. Germany cannot yet be considered a people's republic (satellite) or a communist state and therefore cannot get the same preferred treatment. Just as the Americans require West Germany to account for the money invested in West Germany, so must the USSR keep account of its investments. Therefore, all money received by Chemifa and DWV for goods sold must in part form the repayments of the total Russian investments in Germany. The accounting will be decided separately in each case but will always be between 25 and 33 percent of the total receipts. The USSR will continue to control the DWV and Chemifa absolutely. Control of the SAG's will simply be transferred upward, and the Russians will have as much to say concerning quantity and quality of production as if they were still in control of the plants themselves. The offices in Weissensee will ultimately all be moved to Karlshorst. The Russians refused to name the total sum of investments to be paid off.

4. The Russians re

4. From now on, all sales to the West from East Germany must be in British pounds, preferably convertible to any other currency. If this is not possible, then payments should be made in pounds to the East German account which is

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6. For the reorganization described above, Krutko [REDACTED] will be the liquidator.

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